

**IOWA RACING AND GAMING COMMISSION
MINUTES
JULY 17, 2008**

The Iowa Racing & Gaming Commission (IRGC) met on Thursday, July 17, 2008 at Stoney Creek Inn, Johnston, Iowa. Commission members present were Kate Cutler, Chair; and members Grey Seyfer and Toni Urban. Commissioner Diane Hamilton was absent. The Commission is one member short at present.

Chair Cutler called the meeting to order at 8:30 AM and requested a motion to approve the agenda. Commissioner Urban so moved. Commissioner Seyfer seconded the motion, which carried unanimously.

Chair Cutler moved to the approval of the minutes from the June 5, 2008 Commission meeting. Commissioner Seyfer moved to approve the minutes as submitted. Commissioner Urban seconded the motion, which carried unanimously.

Chair Cutler moved to Announcements and called on Jack Ketterer, Administrator of IRGC. Mr. Ketterer introduced Audrey Carlson and Ian Hudson, Licensing Supervisor and Gaming Representative respectively, from the Des Moines office. Ms. Carlson serves as IRGC's representative on the Gambling Treatment Program advisory board. Mr. Hudson is IRGC's liaison with the independent testing labs and develops the Commission's testing procedures.

Mr. Ketterer provided the following information regarding upcoming Commission meetings:

- August 28, 2008 Commission Meeting – Riverside Casino & Golf Resort, Riverside, IA (Submissions due by August 14, 2008)
- October 9, 2008 Commission Meeting – Catfish Bend Casino, Burlington, IA (Submissions due by September 25, 2008)
- November 13, 2008 Commission Meeting – Stoney Creek Inn, Johnston, IA (Submissions due by October 30, 2008)
- December – No Meeting

Mr. Ketterer reminded those in attendance of the Drake University Law Symposium on September 12, 2008 at the Drake University Law School, which is being sponsored by the International Masters of Gaming Law. Several prominent national authorities on gaming law are scheduled to be in attendance. Mr. Ketterer stated that an attempt is being made to obtain Continuing Education Credits for legal education. He indicated that it should be an interesting and thought-provoking symposium.

Chair Cutler called on the National Center for Responsible Gaming. Wes Ehrecke, President of the Iowa Gaming Association, introduced Christine Reilly, Executive Director of the Institute for Research on Pathological Gambling and Related Disorders

(Institute). The Institute is part of the Division on Addictions of the Cambridge Health Alliance, which is a teaching affiliate of Harvard Medical School. He indicated the National Center for Responsible Gaming (NCRG) has been instrumental in getting science-based research available on problem gaming, and felt it would be beneficial to have them come to Des Moines. They met with treatment providers, members of the Gambling Treatment Program Advisory Board, media and industry representatives.

Mr. Ehrecke advised the Commission that August 4-8, 2008 is National Responsible Gaming Education Week. The theme this year is "Let's Talk about Responsible Gaming", which will focus on the role of the gaming industry and the employees to address problem gambling among themselves, colleagues, friends, family, etc.

Mr. Ehrecke advised that the Institute oversees all grant making activities for the NCRG, and is the only national organization strictly devoted to funding peer-review research that helps increase the understanding of pathological gambling in order to help find an effective method to treat the disorder.

Ms. Reilly advised that the NCRG was established in 1996 to help individuals and families affected by gambling disorders, and basically focused on research to find out why people developed gambling disorders, which would help to develop treatment standards. She stated that NCRG is also engaged in applying research findings to prevention, diagnosis, intervention, and treatment.

Ms. Reilly stated that since 1996 more than \$22 million has been committed to the NCRG through contributions from commercial casinos and related companies for research on gambling disorders, including \$7.6 million committed for 2008 through 2012. She indicated this is the largest private source of funding for research focusing on gambling addiction. She raised the question of how NCRG keeps industry money from influencing the research. She stated that the people who established NCRG created the first university-based center at Harvard Medical School under the direction of the Institute. She indicated the NCRG is modeled after the National Institute of Health. NCRG funds both its own internal core research and run a grants program for others who want to perform research in the gambling addiction area that the Institute is unable to do.

Ms. Reilly stated that NCRG has set up a number of firewalls to prevent the gaming industry from having undue influence over the content of the research. She stated that the integrity of the research is protected by having the gaming industry make their grants to the NCRG, a 501c(3) not for profit organization. The NCRG then awards most of the funds to Institute to do the research for internal research. Ms. Reilly noted that the Institute has had success in getting their findings published in peer review journals, one way of knowing they are on the right track. She stated that independent peer reviewers make funding decisions to determine who receives the grants, and those findings are not available to NCRG until they are published. From the research in the publications, NCRG is able to take that money and translate into applications that will help people. An

example is A First Step to Change – A Brief Intervention, a self-help booklet, in an effort to help people who do not want to go to treatment.

NCRG conducted the first national study on gambling problems and policies on college campuses, which has gone on to be used by a college task force NCRG put together to help develop policies for US colleges and universities. Ms. Reilly indicated there is a very low awareness of gambling and potential problems on college campuses, and believes that the NCRG can have a huge impact in that area.

NCRG also sponsors an annual conference on treatment, responsible gaming and public policy for treatment providers, lawyers, regulators, clinicians, state officials, industry representatives and academic professionals to discuss the most recent research. They have a new initiative centered on helping parents talk to their children about gambling. NCRG also sponsors EMERGE, their employee education program. She noted that Iowa and eleven other states have requirements about educating casino employees about responsible gaming and gambling. NCRG has taken their research and translated it into the EMERGE program.

Ms. Reilly stated that some of the most important grants over the years have been to the University of Iowa where they are looking at the treatment work force for NCRG – what kinds of qualifications are needed by treatment providers to be effective clinicians. Dr. Donald Black of the University of Iowa is one of the leaders in the field, and NCRG has funded his family study to determine if there is a link with family history for individuals to develop a gambling addiction. She advised that Dr. Black was able to utilize NCRG's pilot data to obtain a large grant from the National Institute on Drug Abuse to continue the project. Ms. Reilly stated that Dr. Black is currently working on a project that talks about what is different about people with gambling addictions in terms of their effective functioning. She showed slides listing a number of NCRG-funded research projects.

Ms. Reilly stated that one of the key research findings is the ability to get a good handle on the number of people who have a gambling disorder; it is around 1% whether it is in the US, nationally, or internationally. The highest rate found internationally is in Australia at approximately 2%; however, there are some countries with less than 1%. Ms. Reilly stated that while the percentage is low, it represent a large number of people. She noted that this is a low-base rate disorder, but one that is devastating to individuals and families. There is evidence that genetic components play a part in the disorder. While a treatment standard has not been established, there is significant evidence that cognitive behavior therapy seems to be effective, as well as some new drugs that appear to be effective in reducing the craving for gambling.

Ms. Reilly stated that NCRG has done a lot of work on neuroscience – understanding the brain. She feels it is important to understand how the brain's reward system works. The research is in its early stages, and is consistent with mental research in general, which is focused on neurobiology. Ms. Reilly stated there is a new understanding of the gambling addiction due to neurobiology; NCRG believes it is more like a syndrome – that all

addictions are rooted in the same underlying disorder. She feels that if the underlying disorder can be determined, it would go a long way in figuring out more effective treatments and possibly a way to prevent it.

Ms. Reilly then talked about EMERGE, NCRG's employee training program, which is totally science-based and up-to-date in terms of the latest research. It was developed to be understood by all educational levels, and is web-based so that it is available to employees 24/7 from home or work. The program has been approved by a third-party credentialing agency, which she feels is important from the operators' standpoint. Ms. Reilly stated that the program has been tested by the members of the Iowa Gaming Association, who gave the program a "thumbs up".

Ms. Reilly advised that another tool of the NCRG is a workbook to help people evaluate their gambling behavior in a non-threatening manner. The workbook is currently being evaluated in Massachusetts, where they are finding that it does help people reduce their gambling. The book is being translated into different languages for different ethnic populations. The book has been reprinted in Iowa, Pennsylvania, and Nevada. NCRG is pleased with the impact the workbook has had around the country. Ms. Reilly indicated the workbook is available to Iowans through the 1-800-BETS-OFF line. She indicated there are a number of resources available on their website at www.basisonline.org.

Ms. Reilly stated that the task force on college gambling will address the fact that only 22% of colleges even have a gambling policy, whereas approximately 100% have an alcohol policy. There is a task force of representatives from colleges and universities who work with students and service people, and their job over the next year is to develop a science-based policy that addresses how to reduce gambling-related harm on campuses. She noted that college students participate in a number of risky behaviors, and pointed out that most adults with a gambling addiction started gambling early. She is hoping the task force can develop policies that will help break the cycle. Ms. Reilly stated that final task force recommendations would be announced during March Madness in 2009 due to the high level of gambling awareness at that time.

Additionally, NCRG produces a pamphlet entitled "Talking with Children about Gambling", which is also research-based and is about how to prevent children from engaging in risky behaviors. She stated that while parents may feel overwhelmed, they are very powerful and there are a number of simple things that can be done to help circumvent their children from participating in risky behaviors, such as family meal times. Ms. Reilly stated this pamphlet will be launched during Responsible Gambling Week in August. She indicated that a pdf format is available on the website at www.NCRG.org.

Looking ahead, Ms. Reilly stated that NCRG is going to continue to translate their research into responsible gaming programs, making a push on vulnerable populations including ethnic minorities, youth and older adults. She indicated it is necessary to continue to study whether or not older adults are more vulnerable and what can be done

about that. More work is needed on effective treatment; the clinicians do not have a standard. Additional neurobiology studies are needed as well. Ms. Reilly stated that NCRG just published another booklet in an attempt to translate research entitled “Gambling and the Public Health, Part 1”.

In closing, Ms. Reilly again referenced the annual conference, which is held in Las Vegas. The conference attempts to meet the diverse needs of the groups in attendance – clinicians, researchers, regulators and operators. The focus of the conference is on the latest research on various issues. She indicated one of the keynote speakers is currently doing research to determine if video gaming is dangerous and has a potential to become addictive. There will also be a discussion as to whether the definition of pathological gambling is going to change in the next version of the diagnostic manual based on new research.

Ms. Reilly gave the following websites for those wishing to learn more on this issue:

- NCRG is www.ncrg.org.
- The Institute is www.divisiononaddictions.org/institute.

Chair Cutler thanked Ms. Reilly for her comments and called on Mr. Ketterer regarding the rules submitted under Notice of Intended Action. Mr. Ketterer advised that during the past year the Division of Criminal Investigation (DCI) had noticed for intended action some proposed surveillance rules. The Code states that the Commission should provide for continuous video recording of gambling activities, but allows the DCI to write rules on how it should be performed. The Iowa Gaming Association had some concerns with the DCI rules, and developed its own version of the proposed rules. There was a question regarding jurisdiction. The Commission’s Assistant Attorney General, who represents both the Department of Public Safety and the Commission, intervened and determined which areas would be under the Commission’s jurisdiction and which would be under the DCI’s jurisdiction. The Commission met with the DCI, who changed some of their rules independently, and also looked at what the Iowa Gaming Association had proposed for the Commission’s consideration. The DCI requested a couple of minor changes in the rules proposed by the Iowa Gaming Association, which were determined by the Assistant Attorney General to be under the Commission’s jurisdiction. The Iowa Gaming Association agreed to the changes. These changes resulted in the proposed rules in Items 1 and 10 – the definition of gambling activities, the transmission of video images and access to the surveillance room.

Mr. Ketterer indicated the DCI and Iowa Gaming Association support the proposed rules. The rules under the DCI’s jurisdiction are still being worked out.

Items 7 through 9 involve replacing the Multi-Link Progressive Payouts and Trust with a Reserve. The rules were drafted with the assistance of International Gaming Technology. These changes will help Iowa’s rules conform more to what other states are currently doing.

Additional changes – one clarifying that a qualification for a business transaction coming before the Commission is that the \$100,000 threshold was for a calendar year; clarifying that no horse shall be allowed to run on consecutive calendar days, and requiring licensees to log changes or patches to their system so that the Commission can review or audit them.

Mr. Ketterer recommended approval of the rules as submitted under Notice of Intended Action.

Hearing no further comments or questions, Chair Cutler requested a motion. Commissioner Urban moved to approve the rules as submitted under Notice of Intended Action. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-72)

Chair Cutler moved to the election of the Chair and Vice Chair for Fiscal Year 2009, and requested a motion. Commissioner Urban nominated Greg Seyfer as Chair and Diane Hamilton as Vice Chair. Commissioner Seyfer seconded the motion, which carried unanimously. (See Order No. 08-73) The gavel was passed to Chair Seyfer.

Mr. Ketterer presented former Chair Cutler with a plaque, which stated: “Kate Cutler – In Appreciation of your Service as Chair of the Iowa Racing & Gaming Commission – July 13, 2006 to July 17, 2008.

Former Chair Cutler stated that she has enjoyed her term as Chair, and thanked Mr. Ketterer and the staff for their assistance. She noted that she had been reappointed and has just less than three years left to serve.

Mr. Ketterer noted that Commissioner Hamilton had committed to a trip to Ireland prior to the FY 09 meeting dates being set.

Chair Seyfer moved to the Contract Approvals, and called on Harrah’s. Jeanne Magdefrau presented a contract with Little Swamp II, Inc. for a Stir Concert Cove Performance.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contract as submitted by Harrah’s. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-74)

Chair Seyfer called on Riverside Casino & Golf Resort (RCGR). Joe Massa, General Manager, presented the following contracts for Commission approval:

- Leibold Irrigation Inc. – Blue Top Ridge Bunker Project
- Pharmaceutical Technologies, Inc. – Health Plan Costs 2008 – Pharmacy
- Prodigy Promos - Promotional Give Aways

- State University of IA Hospital and Clinic – Health Plan Costs 2008 – Medical

Commissioner Cutler asked how the golf course was following the flooding. Mr. Massa advised that the fairways of five holes were flooded, and out of commission. There is a possibility they could be playable by late fall. The golf course is open with 13 of the finest holes of golf in the country. Mr. Massa stated that RCGR had reduced the rate to golf and have been swamped. He stated that the insurance company has been out to look at the golf course, and RCGR expects to receive figures available for the restoration of the course. Mr. Massa stated that RCGR wants to proceed as quickly as possible on the restoration, and hopes that process is underway prior to the August meeting. He advised that Frank Baxter Construction Company, who was the construction manager for the casino and golf course when it was built, to head up the restoration effort. The architect has also been brought in on the process. Mr. Massa stated that a formal approval document would be submitted at the August Commission meeting. Mr. Massa noted that he had discussed the issue with Mr. Ketterer.

Hearing no further comments or questions for Mr. Massa, Chair Seyfer requested a motion on the contracts. Commissioner Cutler moved to approve the contracts as submitted by RCGR. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-75)

Chair Seyfer called on the Diamond Jo (DJ). Todd Moyer, General Manager, presented the following contracts for Commission approval:

- All Systems – Office Furniture
- Amtrend Corp. – Custom Bench Seating, Custom Ottoman, Dining Chairs, Booths, Bar Stools, Etc.
- Cummins-Allison Corp. – Count Team and Cage Equipment
- Data Business Equipment – Ticket Exchange Machines and Other Small Cage Equipment
- Key City Moving & Storage – Transporting and Warehousing Custom Furnishings for
- the New Casino
- KGM Gaming – Specialty Slot Bases and Hardware for Slot Banks
- Konami Gaming – Slot Machines, Conversions and Parts
- Scott Lamp Co., Inc. – Custom Light Fixtures for Casino
- Sign Productions, Inc. – Interior, Exterior and Directional Signage, including all LED Building Signs and Interior Wayfinding

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by DJ. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-76)

Mr. Moyer introduced the new general manager for Diamond Jo Worth (DJW), Kim C. Pang. He noted that both he and Mr. Pang started their gaming careers with the Trump organization in Atlantic City in 1990, but never met. Ten years later, both were with Station Casinos in Las Vegas, and again never worked together directly. Now, both are in the middle of the country and finally get to meet. Mr. Pang was most recently employed by Boyd Gaming in Indiana, and prior to that, Treasure Island in Red Wing, Minnesota. Mr. Moyer stated that Mr. Pang and his family will be relocating to Mason City next month.

Mr. Pang presented the following contracts for Commission approval:

- Garner Publishing Company – Direct Mail Printing
- Konami Gaming – Slot Machines, Conversions and Parts
- Wellmark Blue Cross Blue Shield – Employee Medical Insurance Premiums

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by DJW. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-77)

Chair Seyfer called on Wild Rose Emmetsburg (WRE). Amy Williams, General Manager, presented a contract with Aristocrat Gaming for a Sentinel III Assembly for Player Tracking and Marketing.

Hearing no comments or questions concerning the contract, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contract as submitted by WRE. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-78)

Chair Seyfer called on The Isle Casino and Hotel Waterloo (The Isle). Bari Richter, General Manager, presented the following contracts for Commission approval:

- ASPRO, Inc. – Asphalt and Paving Contractor for Parking Lot
- Global Cash Access – Service for Cash Advances, Check Guarantees, ATM's, Etc.

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by The Isle. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-79).

Chair Seyfer called on Dubuque Greyhound Park & Casino (DGP&C). Jesús Avilés, General Manager, presented the following contracts for Commission approval:

- Mathis, Earnest & Vendevertter – Advertising Services

- Union-Hoerman Press – Printing and Direct Mail Services
- Hilton Garden Inns – Hotel Comps for RR Members
- Quality Incentive Co. – Incentive Supplies for RR Members
- Mulgrew Oil Co. – Promo Gas Cards for RR Members
- IKON Office Solutions – Copy Machine Lease and Service Agreements
- Hy-Vee Food Stores – Gift Card Purchases for Promotions
- Best Buy – Electronic Purchases for Promotions
- Sid's Liquor Store – Purchase of Wholesale Liquor

Hearing no comments or questions, concerning the contracts, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the contracts as submitted by DGP&C. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-80)

Chair Seyfer called on Prairie Meadows Racetrack & Casino (PMR&C). Ann Atkins, Vice President of Operations, advised that the Board Racing Committee is scheduled to meet next Wednesday, and she would provide an update at the August Commission meeting. She turned the floor over to Derron Heldt, Director of Racing, to address the season approvals for the upcoming harness meet.

Mr. Heldt stated that he would be happy to answer any questions regarding the season approval submission.

Mr. Ketterer asked Mr. Heldt for any comments regarding the first meet – thoroughbred only – which concluded earlier this month. Mr. Heldt stated that he felt the first meet was very solid, noting that off track handle was up about \$5.5 million over the previous year. He indicated on track was down about 4%, or \$150,000. Mr. Heldt stated that the first six weekends of weather – cold and rain – hurt on track betting; however, off track betting was strong. He indicated the mixed meet is off to a strong start.

Mr. Ketterer stated that he is aware of an issue nationwide with the horsemen and account wagering, and how the revenue would be divided, resulting in several of the major tracks not being able to have account wagering. He asked Mr. Heldt if that helped the off track wagering.

Mr. Heldt answered in the affirmative. He noted that Calder Park had problems getting their signal out, which he feels helped PMR&C. Mr. Heldt stated that changing to the Monday, Tuesday, Friday and Saturday has helped them in the simulcast outlets around the country.

Hearing no comments or questions concerning the season approvals for the harness meet, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the season approvals for the harness meet at PMR&C as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-81)

Ms. Atkins submitted the following contracts for Commission approval:

- Copy Systems – Office Equipment Lease and Maintenance
- IKON Office Solutions – Office Equipment Lease and Maintenance
- Imaging Technologies – Office Equipment Lease and Maintenance
- Infomax Office Systems – Office Equipment Lease and Maintenance
- Konica Minolta Business Solutions – Office Equipment Lease and Maintenance
- Laser Resources – Office Equipment Lease and Maintenance

Hearing no comments or questions concerning the contracts, Chair Seyfer requested a motion. Commissioner Urban moved to approve the contracts as submitted by PMR&C. Commissioner Cutler seconded the motion, which carried unanimously. (See Order No. 08-82)

Chair Seyfer moved to the approval of the Dog Racing Promotion Fund as authorized by Iowa Code § 99D.12(2)C. Mr. Ketterer advised that the Iowa Greyhound Association was the only applicant for the funds. He recommended approval of the Iowa Greyhound Association as the recipient, contingent upon staff recommendations.

Bob Hardison, President of the Iowa Greyhound Association (Association), stated the Association was pleased to be an applicant for the funds. He indicated that as the recipient of the funds since its inception, the industry has grown by both the number of greyhounds raised in the state, as well as the purses awarded for greyhound racing. Mr. Hardison noted that the Association has also developed a good working relationship with the head of the Horse and Dog Breeding Program in the Iowa Department of Agriculture and Land Stewardship (IDALS), Jill Paxton, and have helped Iowa obtain the number 2 spot in the nation for the breeding and raising of greyhounds. He stated that hundreds of Iowa families are involved in greyhound racing, and with the support of the Commission, they are able to raise their children, own farms, buy supplies and contribute to Iowa's economy.

Hearing no comments or questions concerning the application for the Dog Promotion Funds, or Mr. Hardison's comments, Chair Seyfer requested a motion. Commissioner Cutler moved to approve the Association as the recipient of the Dog Racing Promotion Fund, including the following staff recommendations:

1. The recipient shall provide an evaluation of the agreement(s) with, and performance by, the investment manager annually and consider soliciting and evaluating new proposals if they are under performing. This evaluation should be provided in an annual audit of the Escrow Account(s) by an independent audit company. The audit should cover activity from January 1, 2008 through December 31, 2008, and be submitted to the Iowa Racing and Gaming Commission by April 1, 2009.
2. The cost of the annual audit of the Escrow Account(s) shall be paid from the Escrow Account Fund(s).

3. Investment agreements should be for one-year terms subject to renewal conditions approved by the Commission. Provide a report on the status of the investment agreements.
4. Requests for proposals and all other correspondence should include a copy to IRGC and IWRA.
5. The recipient shall disclose any potential related parties to the Commission.
6. Investment funds shall not be withdrawn from the account(s) until the Commission has approved contracts or expenses. If events occur which no longer require expenditure of funds, the funds will be immediately returned to the Escrow Account(s) and not deposited in any other account(s).
7. The recipient shall have and maintain written minutes of all meetings and include copies to the IRGC and IWRA.
8. In the event of arbitration, the recipient shall ensure availability to the arbitration committee so that decisions are provided to the Commission by November 1, 2008. [N/A]

Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-83)

Chair Seyfer moved to the hearing for Wild Rose Entertainment, L.L.C. (Emmetsburg) for a violation of Iowa Code Section 99F.8 – Licensee Bond. Mr. Ketterer advised that Iowa Code requires, upon licensing, the licensee shall post a bond in an amount fixed by the Commission. Wild Rose Emmetsburg filed an Irrevocable Letter of Credit (LOC) in lieu of a bond, which was for the two years prior to their opening in 2006. A staff member discovered last month that the Des Moines office did not have a copy of a renewal; after some checking and auditing, it was discovered that the LOC had not been renewed. This matter was resolved through Tom Timmons, Vice President of Operations, and the agreement by the parties to a \$5,000 penalty.

Mr. Ketterer stated that staff would start requiring all of the excursion gambling boats and gambling structures to provide evidence, as many currently do now, at the time they submit their license renewal that the LOC or bond is in place and have it coincide with the term of the license – April 1 to March 31, which should prevent similar situations from occurring in the future.

As there were no comments or questions for Mr. Ketterer on this matter, Chair Seyfer called for a motion. Commissioner Cutler moved to approve the Stipulated Agreement with Wild Rose Entertainment, L.L.C. as submitted. Commissioner Urban seconded the motion, which carried unanimously. (See Order No. 08-84)

Chair Seyfer called on the Division of Criminal Investigation (DCI). Charis Paulsen, Assistant Director of Gaming Operations, gave a brief report on the services the DCI agents provide at the casinos and around the State of Iowa. She advised there are 109 agents assigned throughout the licensed facilities, as well as five agents assigned to work non-casino gambling cases. Those five agents work on bookmaking, illegal gambling,

amusement device enforcement, vice enforcement, forgery of lottery tickets, etc. She indicated part of the reason for the involvement of the DCI is to help protect the integrity of gaming in Iowa. One of the first steps in doing so is to conduct background investigations on some of the companies that do business with the casinos (manufacturers and distributors of gaming equipment) and individuals employed at the various casinos. Some of the things the DCI is looking for in the background investigations are any evidence of criminal history, actual or suspected links to organized crime, corruption, fraud, financial stability, and the fact that the company and or individual has made full disclosure on the IRGC application and throughout the investigation. Due to the expansion of the gaming industry in 2006, the DCI saw the level of Class C applications (the lowest level) increase from 1,790 in 2003 to a high of 2,716 in 2006. They completed 2,527 Class C background investigations in 2007. The Class O (non-gaming) licenses increased to 6,812 in 2007.

Ms. Paulsen noted that the DCI agents assigned to each casino are also responsible for investigating any criminal activity that takes place and bring resolution to those cases. Some of the most frequent cases they see are public intoxication/disorderly conduct (194 in 2007), theft (74), gambling investigations – cheating/underage (29), fraud (69), forgery (64), criminal trespass (88), assault (34). She noted that warrant arrests had increased ten times from 2003 to 2007.

Ms. Paulsen stated that in addition to background and criminal investigations, the agents are responsible for being on property, getting to know individuals there and working with the employees. They also provide assistance to the facilities in various ways: help with identification verification, ejections, investigating other criminal activity that does not arise to the level of an arrest, as well as inspection and regulatory type issues (inspecting cards and dice, proper surveillance coverage, and conduct barn and kennel inspections). She advised that the DCI provides training upon request from casino management to security guards, waiters/waitresses and cocktail servers on identification issues, writing detailed reports, interviewing techniques, and recognizing counterfeit money/travelers checks.

Mr. Ketterer thanked Ms. Paulsen for her comments. He stated that with the increase in the number of casinos over the last few years, IRGC and DCI have instituted quarterly meetings, and launched a project a year or so ago that allows the Des Moines staff to track license and background investigations between the two agencies.

Chair Seyfer moved to the Committee Reports under Administrative Business. He noted there are two committees at the present time – the first is reviewing the state-wide voluntary self-exclusion program. The committee asked Wes Ehrecke of the Iowa Gaming Association and their committee to put together a list of “best practices” from the various casinos. The list was received recently, and looks good. Chair Seyfer indicated the next step was to incorporate the “best practices” report with what is currently in place. He stated that he would work with Mr. Ketterer and legal counsel to accomplish that.

Mr. Ketterer noted that there are a number of things being done by the various facilities, and the committee is trying to determine what practices are being utilized by everyone and which are being done by a few due to their system. He indicated that information would be helpful as the Commission determines what the standard should be for all of the facilities. Beyond that, the committee would move to the penalty stage.

Mr. Ehrecke stated the members appreciated the ability to go through the exercise which helped them to understand what practices the different facilities utilize, and that different levels of individuals have responsibility for the program as well. He feels this is an on-going process for the facilities and the Iowa Gaming Association's committee that meets on a quarterly basis to assess what is being done in the area of the self-exclusion policy.

Chair Seyfer advised that the other committee pertains to the RFP for an economic study to determine underserved or underperforming markets in Iowa. Mr. Ketterer advised that August is the deadline for companies to submit their proposals, and that the Commission had received some inquiries as to the nature of the study. He feels the Commission will receive some proposals from some good consultants with good nationwide reputations.

Chair Seyfer called on Mr. Ketterer regarding the various updates. He noted that he had already addressed the surveillance rules, and moved to the smoking ban and exemptions. Mr. Ketterer stated that he had questions as to what the Commission's role is and is not in the process of the smoking ban, and whether the Commission reports to the Department of Public Health (DPH). Additionally, he had questions as to reporting if we receive a question or complaint in the field about a restaurant or bar in one of the facilities – would that go to the Food Inspection Division at Inspections and Appeals, Alcoholic Beverages or directly to DPH. A meeting of representatives from all of the above agencies was held, as well as legal counsel from Alcoholic Beverages and DPH, in order to review what everyone's thoughts were. Mr. Ketterer stated there were two areas that everyone agreed on:

- What is the gaming floor, and whose responsibility is that? Everyone agreed that area was the Commission's responsibility, noting that the Commission has other interests and considerations with identifying the gaming floor such as where minors can go. The Commission determines what the gaming floor is, and "gaming floor" is defined in the Code as where gaming activities take place.
- Another key term involved with the licensed casinos and the gaming floor is "enclosed area", and what constitutes an enclosed area. That will be determined by the DPH. Mr. Ketterer noted the term transcends just gambling, it goes into many other areas that DPH has to regulate in terms of identifying what is or is not an enclosed area.

Mr. Ketterer stated that he agreed to send the DPH diagrams of all the current gaming floors from the facilities. He has also requested the Gaming Representatives at each facility take pictures of the restaurants and bars located within the facilities that are on or

in close proximity of the current gaming floor. The pictures will be sent to the Des Moines office electronically, downloaded to a CD and forwarded to the DPH as well. In the event a question arises from a facility representative or from a complaint, DPH will have information available to them to help determine if the area involved is considered an enclosed area where the bar or restaurant is located. The information is being provided in an effort to assist the DPH in determining what constitutes an “enclosed area.”

Additional discussion centered on the two publicly owned racetrack enclosure facilities under the Commission’s jurisdiction. It was determined that anyone who goes through the facility – the racetrack enclosure and grandstand is a non-smoking area, except for the gaming floor, which is exempted. An enclosed restaurant or bar on the gaming floor would not be exempt from the smoking ban. The apron in front of the racetrack is also a non-smoking area, as it falls under the “entertainment” umbrella, just as if someone was watching a football game, concert, or any other entertainment event. Smoking would be permitted outside; however, if there is an enclosed building, such as a barn, kennel building, racing office, or jock’s room that is enclosed –it would be a non-smoking area. Any outside areas, other than the apron in front of the grandstand, would be considered smoking areas.

Mr. Ketterer advised that DPH has two complaint forms – one of them is available online for the public, and the other is for law enforcement to utilize. He stated that Commission representatives in the field offices would be directing individuals to file the online complaint form. He indicated his belief that this will be an evolving issue.

With regard to implementation of the Offset Bill, Mr. Ketterer stated that it was his understanding that the State is not ready to implement this legislation as the Department of Administrative Services (DAS) does not have the database of individuals owing money to the state ready to transmit the necessary information in an efficient manner. DAS is hoping for September 1st, but that is not concrete.

Chair Seyfer moved to Public Comment. Mr. Ehrecke distributed copies of the American Gaming Association’s 2008 State of the States Survey of the Casino Entertainment industry.

Seeing and hearing no further business to come before the Commission, Chair Seyfer requested a motion to adjourn. Commissioner Cutler so moved. Commissioner Urban seconded the motion, which carried unanimously.

MINUTES TAKEN BY:

JULIE D. HERRICK